OFFICE OF THE MISSISSIPPI SECRETARY OF STATE BUSINESS REGULATION AND ENFORCEMENT DIVISION

IN THE MATTER OF:)	
)	Administrative Proceeding
The MMC Victims Relief Fund)	Number: <u>C-06-0384</u>
1166 Avenue of the Americas)	
New York, New York 10036)	
)	
Respondent)	

FINAL ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY

COMES NOW, James O. Nelson, II, Assistant Secretary of State for the Business Regulation and Enforcement Division of the Mississippi Secretary of State's Office (hereinafter "Division"), on behalf of Eric Clark, Secretary of State for the State of Mississippi, after having served a Notice of Intent to Revoke Registration and Impose Administrative Penalty (hereinafter "Order") on THE MMC VICTIMS RELIEF FUND (hereinafter "Respondent") by certified mail, return receipt requested, who have wholly failed to request an administrative hearing before the expiration of thirty (30) days from receipt of the Order, hereby issues this Final Order Revoking Registration and Imposing Administrative Penalty to Respondent pursuant to Miss. Code Ann. § 79-11-509.

I. JURISDICTION

The Secretary of State is vested with the regulation of charitable organizations in the State of Mississippi pursuant to Mississippi Charitable Solicitations Act Sections 79-11-501, *et seq*. (2001) (hereinafter "Act"). Respondent is a charitable organization as defined by Miss. Code Ann. Section 79-11-501(a)(i) (2001), to-wit:

(A) Any person determined by the Internal Revenue Service to be a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code.

Respondent has been granted tax exempt status by the Internal Revenue Service pursuant

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to section 501(c)(3) of the Internal Revenue Code. In addition, because Respondent registered as a charitable organization with the Division in accord with the requirements detailed in Miss. Code Ann. §79-11-503, Respondent has submitted to the Secretary of State's regulatory authority. Therefore, Respondent is a charitable organization as defined by the Act and is subject to the regulatory authority of the Secretary of State.

II. FINDING OF FACT

- 1. The previous paragraphs are incorporated herein by reference.
- The MMC Victims Relief Fund is a charitable organization with a last known mailing address of 1166 Avenue of the Americas, New York, New York 10036.
- 3. Pursuant to the lawful authority codified in Miss. Code Ann. §79-11-518, the Division's authorized representative conducted an inspection of Respondent's books and records. The inspection was conducted at reasonable times on July 19, 2006.
- 4. Upon completion of the inspection of Respondent's books and records, the Division sent an August 8, 2006, letter via certified mail, which is affixed hereto as "Exhibit A," to Scott Budlong. Attached to the letter is an enumerated list detailing the Division's findings that appeared to be problematic under the Act. The Division's letter requests Respondent to provide written, detailed explanations, including documentation, of implemented changes and details of changes to be made, if any, to each of items described in the Division's list of findings by Friday, August 18, 2006.
- Respondent's books and records neither contained documentation
 indicating the balance of funds and expenses incurred for relief, nor any documentation
 indicating the amount of funds contributed by Marsh & McLennan Companies. Thus, in

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its August 18, 2006, letter and attachments, the Division requested Respondent to provide a ledger, balance sheet, or other form of record containing this information.

6. On October 20, 2006, because the Respondent failed to submit all of the information requested by the Division, the Division issued an Order against Respondent. A copy of the Order is affixed hereto as Exhibit "B." On October 30, 2006—after the Division issued an Order against Respondent and nearly three (3) months from the Division's initial request for the information—Respondent sent an email to the Division with an attached response to the Division's August 8, 2006, request.

III. APPLICABLE LAW

7. Section 79-11-518 of the Mississippi Charitable Solicitations Act states the following:

Every charitable organization, professional fund-raiser, professional solicitor, or fund-raising counsel, whether or not required to register pursuant to Sections 79-11-501 through 79-11-529, Mississippi Code of 1972, shall keep true and correct books and records of solicitation activities that are covered by Sections 79-11-501 through 79-11-529, Mississippi Code of 1972, **or any rule** or order adopted under Sections 79-11-501 through 79-11-529, Mississippi Code of 1972. All such books and records shall be open to inspection at all reasonable times by the Secretary of State or the Attorney General, or their duly authorized representatives. The records shall be retained for a period of at least three (3) years.

- 8. Section 79-11-504 of the Act gives the Secretary of State the authority to promulgate rules of procedure and regulations necessary for the administration of the Mississippi Charitable Solicitations Act.
- 9. Rule 213 of the Mississippi Charitable Solicitations Act Rules states the following:

Charitable organizations either registered with the Secretary of State or exempt from registration shall maintain accurate books and records of the

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solicitation activities of the organization for a period of at least three (3) years. Solicitation activities shall include all financial activities of the organization. The records shall be maintained at the offices of the charitable organization and shall be kept in an auditable format. By way of example such records shall include, but not be limited to, the following:

- (A) All check books, bank statements, cancelled checks and cash reconciliations of the organization;
- (B) All bills, statements and receipts (or copies thereof), paid or unpaid, relating to the business and operation of the organization;
- (C) Statements and records of all accounts in which the organization is vested;
- (D) All written agreements (or copies thereof) entered into by the organization with any entity, person or otherwise relating to the business of the organization as such;
- (E) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;
- (F) Current minutes of the meetings of the organization's board of directors; and,
- (G) Copies of all solicitation materials.
- 10. Section 79-11-509 states the following, in relevant part:
 - (1) The Secretary of State shall revoke, suspend or revoke a registration or an exemption for the following reasons:
 - (e) The applicant or registrant has violated or failed to comply with any provisions of this chapter or any rule or order thereunder.

IV. CONCLUSIONS OF LAW

11. Respondent is required to keep true and correct books and records of solicitation activity covered by Section 79-11-501 through 79-11-529 of the Act or any rule or order adopted thereunder. Rule 213 of the Rules alpha-enumerates those activities that are considered solicitation activities. In violation of Miss. Code Ann. §79-11-518,

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Respondent has failed to keep "[a]ll such books and records . . . open to inspection at all reasonable times by the Secretary of State."

V. PUBLIC INTEREST

12. This Final Order Denying Registration and Imposing Administrative Penalty against Respondent is issued in the public interest and for the protection of contributors consistent with purposes of the Act.

VI. ORDER

- 13. **IT IS THEREFORE ORDERED,** pursuant to the authority set out in the Act, that the registration of Respondent, MMC VICTIMS RELIEF FUND, is hereby revoked.
- 14. **IT IS FURTHER ORDERED**, pursuant to authority set out in the Act, that an administrative penalty in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) is imposed. Respondent, MMC VICTIMS RELIEF FUND, shall pay such administrative penalty prior to renewing its registration with the Mississippi Secretary of State's Business Regulation and Enforcement Division.

SO ORDERED, this, the _____ day of November, 2006.

ERIC CLARK Secretary of State State of Mississippi

and the second second second	STATE OF MISSISSIPPI
I hereby o	ertify that this is a true and complete copy of page document on file in this office
DATED_	nec: 4, 20_00
	Thir Clark
BY	This Certification Stamp Replaces Our Previous Certification System

BY:

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JAMES O. NBLSON, II
Assistant Secretary of State
Business Regulation and Enforcement

Nathan Thomas MSB #100496 Senior Attorney

Mississippi Secretary of State's Office Business Regulation and Enforcement

P.O. Box 136 700 North Street Jackson, Mississippi 39205 (601) 359-6366

C-06-0348

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CERTIFICATE OF SERVICE

I, Nathan Thomas, do hereby certify that I have this day mailed via Certified Mail, postage pre-paid, a true and correct copy of the Final Order Revoking Registration and Imposing Administrative Penalty to the following:

Scott Budlong The MMC Victims Relief Fund 1166 Avenue of the Americas New York, New York 10036

Sam Lines
Davis Polk & Wardell
Legal Assistant, Mergers & Acquisitions
450 Lexington Avenue, 24th Floor
New York, New York 10017

This, the day of weeks 2006.

NATHAN THOMAS

Senior Attorney



700 NORTH STREET
POST OFFICE BOX 136
IACKSON, MISSISSIPPI 39205-0136

TELEPHONE (601) 359-1350 FACSIMILE (601) 359-1499

August 8, 2006

CERTIFIED MAIL 71361778004020001645

Scott Budlong MMC Victims Relief Fund 1166 Avenue of the Americas New York, New York 10036

Re: Examination of MMC Victims Relief Fund, New York

Dear Mr. Budlong:

As part of an examination into the operations of MMC Victims Relief Fund, an examiner from the Mississippi Secretary of State's Office, Business Regulation and Enforcement Division (the Division), recently completed a review of the files and records of this charitable organization. The examination was not a complete audit but focused on the charity and its operations. Please see the attached Schedule of Findings.

Please provide written, detailed explanations, including documentation, of implemented changes and details of changes to be made, if any, to each of the items described in the Schedule of Findings. This documentation should be provided to the Division by 5:00 p.m. on Monday, August 28, 2006.

If you have any questions concerning the content of this letter, you may contact me at (601) 359-6367 or by email at bwilkerson@sos.state.ms.us.

Sincerely,

Bill Wilkerson

Director

Business Regulation and Enforcement

EXHIBIT A



Exam Summary Report

MMC Victims Relief Fund

File Number: CH-0604-076

Description: MMC Victims Relief Fund

Dt. Started: 07/19/2006

Dt. Completed: 07/19/2006

Fax:

212-345-6508

Examinees:

Firm Name: MMC Victims Relief Fund

1166 Avenue of the Americas, New York, NY, 10036 Address:

Contacts:

Phone2: Phone1:

Barbara S. Perlmutter Contact

3rd Party Scott Budlong

The acts and practices cited above may constitute a violation of the referenced statute or rule; however, the fact that violations are or are not indicated shall not be deemed conclusions that regulatory violations have or have not occurred . 1



Exam Summary Report

MMC Victims Relief Fund

File Number: CH-0604-076

Description: MMC Victims Relief Fund

FINDING

Documents were provided listing the funds collected from colleagues and donations made to the recipients. However, documentation was not provided indicating the balance of the funds and expenses incurred for the relief, nor did the documents provided indicate the funds initially contributed by Marsh & McLennan Companies.

Please provide a ledger, balance sheet, or other form of record to address the above data requested.

Statute or Rule Reference

Charities Act Rule 213. Books and Records Charities Act Rule 213 (E) General and auxiliary ledgers. BOOKS AND RECORDS RULE - CHARITABLE ORGANIZATIONS

Charitable organizations either registered with the Secretary of State or exempt from registration shall maintain accurate books and records of the solicitation activities of the organization. Solicitation activities shall include all financial activities of the organization. The records shall be maintained at the offices of the charitable organization and shall be kept in an auditable format. By way of example such records shall include, but not be limited to, the following:

(E) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;

The acts and practices cited above may constitute a violation of the referenced statute or rule; however, the fact that violations are or are not indicated shall not be deemed conclusions that regulatory violations have or have not occurred.



Exam Summary Report

MMC Victims Relief Fund

File Number: CH-0604-076

Description: MMC Victims Relief Fund

FINDING

Please provide an explanation of the procedure used to verify the need of the recipient for the assistance, and an explanation of the procedure used to determine how much assistance was awarded.

Please provide a sample of the documents used for the above procedures, if any.

Statute or Rule Reference

Charities Act § 79-11-525. Fiduciary responsibility.

§ 79-11-525. Fiduciary responsibility.

§ 79-11-525. Fiduciary responsibility.

Every person who solicits, collects or expends contributions on behalf of a charitable organization or for a charitable purpose, or who conducts a charitable sales promotion, and every officer, director, trustee or employee of that person who is concerned with the solicitation, collection or expenditure of those contributions shall be considered a fiduciary and as acting in a fiduciary capacity. This section does not supersede or otherwise alter the standard of care or the limitations on the liability of volunteers.

The acts and practices cited above may constitute a violation of the referenced statute or rule; however, the fact that violations are or are not indicated shall not be deemed conclusions that regulatory violations have or have not occurred .



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Is it time to reorder? Please contact your supplier



> Scott Budlong□ MMC Victims Relief Fund 1166 Avenue of the Americas New York, New York1-0036

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PS FORM 3800 8/8/2006 2:31 PM



2. Article Number

7136 1778 0040 2000 1645

1. Article Addressed to:

8/8/2006 Z:31 PM

Scott Budlong□ MMC Victims Relief Fund 1166 Avenue of the Americas New York, New York1-0036

3. Service Type

Certified

4. Restricted Delivery? (Extra Fee)

COMPLETE THIS SECTION ON DELIVERY

D. Is delivery address different from item 1 If YES enter delivery address below:

X Yes

Scott Budlong

MMC Victims Relief Fund

7136 1778 0040 2000 1645

1. Article Addressed to:

1166 Avenue of the Americas New York, New York1-0036

PS Form 3811

Domestic Return Receipt

8/8/2006 2:31 PM

PS Form 3811

UNITED STATES POSTAL SERVICE

Domestic Return Receipt



First-Class Mail Postage & Fees Paid USPS Permit No. G-10

Bill Wilkerson MS Secretary of State 700 North Street Jackson, MS 39202 _OFFTHIS STRIP TO EXPOSE SIVE AFFIXTO ENVELOPE OF KAGE WITH THIS SIDE DOWN.

OFFICE OF THE MISSISSIPPI SECRETARY OF STATE BUSINESS REGULATION AND ENFORCEMENT DIVISION

IN THE MATTER OF:)	
)	Administrative Proceeding
The MMC Victims Relief Fund)	Number: <u>C-06-0384</u>
1166 Avenue of the Americas)	
New York, New York 10036)	
)	
Respondent)	

NOTICE OF INTENT TO REVOKE REGISTRATION AND IMPOSE ADMINISTRATIVE PENALTY

The SECRETARY OF STATE OF MISSISSIPPI, by and through James O.

Nelson, II, Assistant Secretary of State, hereby issues this Notice of Intent to Revoke

Registration and Impose Administrative Penalty to The MMC Victims Relief Fund

(hereinafter "Respondent") and in support hereof, states the following.

I. JURISDICTION

The Secretary of State is vested with the regulation of charitable organizations in the State of Mississippi pursuant to Mississippi Charitable Solicitations Act Sections 79-11-501, et seq. (2001) (hereinafter "Act"). Respondent is a charitable organization as defined by Miss. Code Ann. Section 79-11-501(a)(i) (2001), to-wit:

(A) Any person determined by the Internal Revenue Service to be a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code.

Respondent has been granted tax exempt status by the Internal Revenue Service pursuant to section 501(c)(3) of the Internal Revenue Code. In addition, because Respondent registered as a charitable organization with the Division in accord with the requirements detailed in Miss. Code Ann. §79-11-503, Respondent has submitted to the Secretary of State's regulatory authority. Therefore, Respondent is a charitable organization as defined by the Act and is subject to the regulatory authority of the Secretary of State.



II. FINDINGS OF FACT

- 1. The previous paragraphs are incorporated herein by reference.
- 2. The MMC Victims Relief Fund is a charitable organization with a last known mailing address of 1166 Avenue of the Americas, New York, New York 10036.
- 3. Pursuant to the lawful authority codified in Miss. Code Ann. §79-11-518, the Division's authorized representative conducted an inspection of Respondent's books and records. The inspection was conducted at reasonable times on July 19, 2006.
- 4. Upon completion of the inspection of Respondent's books and records, the Division sent an August 8, 2006, letter via certified mail, which is affixed hereto as "Exhibit A," to Scott Budlong. Attached to the letter is an enumerated list detailing the Division's findings that appeared to be problematic under the Act. The Division's letter requests Respondent to provide written, detailed explanations, including documentation, of implemented changes and details of changes to be made, if any, to each of items described in the Division's list of findings by Friday, August 18, 2006.
- 5. Respondent's books and records neither contained documentation indicating the balance of funds and expenses incurred for relief, nor any documentation indicating the amount of funds contributed by Marsh & McLennan Companies. Thus, in its August 18, 2006, letter and attachments, the Division requested Respondent to provide a ledger, balance sheet, or other form of record containing this information.
- 6. Up to the issuance of this Order, Respondent has failed to submit all of the information requested by the Division. Because Respondent has not submitted the information requested by the Division, the Division issues this Notice of Intent to Revoke Registration and Impose Administrative Penalty against Respondent.

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III. APPLICABLE LAW

7. Section 79-11-518 of the Mississippi Charitable Solicitations Act states the following:

Every charitable organization, professional fund-raiser, professional solicitor, or fund-raising counsel, whether or not required to register pursuant to Sections 79-11-501 through 79-11-529, Mississippi Code of 1972, shall keep true and correct books and records of solicitation activities that are covered by Sections 79-11-501 through 79-11-529, Mississippi Code of 1972, or any rule or order adopted under Sections 79-11-501 through 79-11-529, Mississippi Code of 1972. All such books and records shall be open to inspection at all reasonable times by the Secretary of State or the Attorney General, or their duly authorized representatives. The records shall be retained for a period of at least three (3) years.

- 8. Section 79-11-504 of the Act gives the Secretary of State the authority to promulgate rules of procedure and regulations necessary for the administration of the Mississippi Charitable Solicitations Act.
- 9. Rule 213 of the Mississippi Charitable Solicitations Act Rules states the following:

Charitable organizations either registered with the Secretary of State or exempt from registration shall maintain accurate books and records of the solicitation activities of the organization for a period of at least three (3) years. Solicitation activities shall include all financial activities of the organization. The records shall be maintained at the offices of the charitable organization and shall be kept in an auditable format. By way of example such records shall include, but not be limited to, the following:

- (A) All check books, bank statements, cancelled checks and cash reconciliations of the organization;
- (B) All bills, statements and receipts (or copies thereof), paid or unpaid, relating to the business and operation of the organization;
- Statements and records of all accounts in which the organization is vested;

- (D) All written agreements (or copies thereof) entered into by the organization with any entity, person or otherwise relating to the business of the organization as such;
- (E) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;
- (F) Current minutes of the meetings of the organization's board of directors; and,
- (G) Copies of all solicitation materials.
- 10. Section 79-11-509 states the following, in relevant part:
 - (1) The Secretary of State shall revoke, suspend or revoke a registration or an exemption for the following reasons:
 - (e) The applicant or registrant has violated or failed to comply with any provisions of this chapter or any rule or order thereunder.

IV. CONCLUSIONS OF LAW

11. Respondent is required to keep true and correct books and records of solicitation activity covered by Section 79-11-501 through 79-11-529 of the Act or any rule or order adopted thereunder. Rule 213 of the Rules alpha-enumerates those activities that are considered solicitation activities. In violation of Miss. Code Ann. §79-11-518, Respondent has failed to keep "[a]ll such books and records . . . open to inspection at all reasonable times by the Secretary of State."

V. NOTICE OF INTENDED ACTION

- 12. The Secretary of State intends to revoke Respondent's registration pursuant to Miss. Code Ann. §79-11-509(1)(e), which states:
 - (1) The Secretary of State shall revoke, suspend or revoke a registration or an exemption for the following reasons:
 - (e) The applicant or registrant has violated or failed to comply with any provisions of this chapter or any rule or order thereunder.

Because Respondent violated Section 79-11-518 of the Act and Rule 13 of the Mississippi Charitable Solicitations Act Rules, the Division is required to revoke Respondent's registration pursuant to Section 79-11-509(1)(e).

13. In addition, the Secretary of State intends to impose an administrative penalty pursuant to Miss. Code Ann. §79-11-509(4)(b). This provision permits the Secretary of State to impose an administrative penalty up to Twenty-five Thousand Dollars (\$25,000.00) for each offense, each violation to be considered as a separate offense.

VI. RIGHT TO ADMINISTRATIVE HEARING

- 14. The Respondent may request an administrative hearing in this matter. Any such request shall be made in writing to James O. Nelson, II, Assistant Secretary of State, Office of Secretary of State, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Notice of Intent to Revoke Registration and Impose Administrative Penalty.
- 15. If an administrative hearing is requested, written notice of the date, time, and place, will be given to all parties by certified mail, return receipt request requested. Said notice will also designate a Hearing Officer.

VII. PUBLIC INTEREST

16. The actions taken and proposed to be taken herein are in the public interest and are consistent with the purposes set out in Miss. Code. Ann. §79-11-501, et seq. (2001).

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VIII. RIGHT TO AMEND

17. The Secretary of State hereby reserves the right to amend this Notice of Intent to Revoke Registration and Impose Administrative Penalty.

ISSUED, this the May of 2006.

ERIC CLARK Secretary of State

BY:

JAMES O. NELSON, II Assistant Secretary of State

Business Regulation and Enforcement

CERTIFICATE OF SERVICE

I, Nathan Thomas, do hereby certify that I have this day mailed via Certified Mail, postage pre-paid, a true and correct copy of the Notice of Intent to Revoke Registration and Impose Administrative Penalty to the following:

Scott Budlong The MMC Victims Relief Fund 1166 Avenue of the Americas New York, New York 10036

This, the day of

NATHAN THOMAS

Senior Attorney



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FORM LA-CERT (Replaces #GCM 11B)

s it time to reorder?

Please contact your supplier



POSTMARK OR DATE \$0.39 POSTAGE RETURN RESTRICTED DELIVERY FEE \$3.70 RECEIPT \$2.40 CERTIFIED FEE SERVICE \$1.85 RETURN RECEIPT FEE \$8.34 SENT TO: TOTAL POSTAGE AND FEE'S

> Scott Budlong The MMC Victims Relief Fund 1166 Avenue of the Americas New York, NY 10036

10/20/2006 10:19 AM

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RECEIPT FOR CERTIFIED MAIL
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NOT FOR INTERNATIONAL MAIL
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Scott Budlong The MMC Victims Relief Fund

ADDRESSEE LABEL

1166 Avenue of the Americas New York, NY 10036

2. Article Number	
7115 4411 7551 6000 2295	B. Received by (Printed Name) C. Date of Dalivery Pal
Article Addressed to:	D. Is delivery address different from item 1? Yes If YES enter delivery address below: No
Scott Budlong The MMC Victims Relief Fund 1166 Avenue of the Americas	
New York, NY 10036	3. Service Type Certified
10/20/2006 10:19 AM	4. Restricted Delivery? (Extra Fee)

OPTIONAL LABEI

Form 3811

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